

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**STATE ATHLETIC COMMISSION
GENERAL FUND
FINANCIAL AUDIT REPORT
YEAR ENDED JUNE 30, 1983**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

F-363

STATE ATHLETIC COMMISSION
GENERAL FUND
FINANCIAL AUDIT REPORT
YEAR ENDED JUNE 30, 1983

MAY 1984



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Thomas W. Hayes
Auditor General

STATE OF CALIFORNIA
Office of the Auditor General
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May 11, 1984

F-363

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the financial position of the State Athletic Commission as of June 30, 1983, and the results of its operations for the year then ended.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas W. Hayes".
THOMAS W. HAYES
Auditor General

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INTRODUCTION

We have conducted a financial audit of the General Fund of the State Athletic Commission (commission). We conducted this audit under the authority vested in the Auditor General by Section 10500 et seq. of the Government Code.

A part of the Department of Consumer Affairs, the commission regulates boxing, wrestling, kickboxing, and full-contact karate. The commission receives revenues from the following sources: 1) license fees collected from participants in these sports and from those employed in connection with these sports; 2) taxes paid on admissions to boxing, kickboxing, wrestling, and karate shows; 3) taxes on broadcast and television rights; and 4) taxes on admissions to closed-circuit television broadcasts. At the time of our audit, the commission deposited all monies it received in the State's General Fund, and it received appropriations from the General Fund for its operations. Since July 1983, the commission has accounts for its operations in the Athletic Commission Fund, which the Legislature created by amending Section 18632 of the Business and Professions Code.



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Members of the Joint Legislative Audit Committee
State of California

We have examined the General Fund balance sheet of the State Athletic Commission as of June 30, 1983, and the related statement of revenues, expenditures, and changes in the fund balance - clearing account for the year then ended. We made our examination in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the State Athletic Commission's General Fund as of June 30, 1983, and the results of its operations and changes in its fund balance - clearing account for the year then ended, in conformity with generally accepted accounting principles.

We made our examination for the purpose of forming an opinion on the commission's basic financial statements taken as a whole. We present the schedule of revenues, expenditures, and changes in the fund balance - clearing account--budget and actual--for purposes of additional analysis and not as a required part of the basic financial statements. However, we subjected this information to the auditing procedures we used in examining the basic financial statements and, in our opinion, this schedule is fairly stated in all material respects in relation to the commission's basic financial statements taken as a whole.

OFFICE OF THE AUDITOR GENERAL

A handwritten signature in black ink, appearing to read "Karl W. Dolk".

KARL W. DOLK, CPA
Assistant Auditor General

November 22, 1983

Staff: Philip Jelicich, CPA, Audit Manager
Dorie Harmon, CPA
Noriaki Hirasuna

STATE ATHLETIC COMMISSION
GENERAL FUND
BALANCE SHEET
AS OF JUNE 30, 1983

ASSETS

Cash	\$26,911
Accounts Receivable	89
Due From Other Funds	<u>48,356</u>
 Total Assets	 <u>\$75,356</u>

LIABILITIES AND FUND EQUITY

Liabilities	
Accounts Payable	\$14,412
Due To Other Funds	6,558
Other Liabilities	<u>465</u>
 Total Liabilities	 <u>21,435</u>
Fund Balance - Clearing Account	<u>53,921</u>
 Total Liabilities and Fund Equity	 <u>\$75,356</u>

See the notes accompanying the financial statements.

**STATE ATHLETIC COMMISSION
GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN THE FUND BALANCE - CLEARING ACCOUNT**
FISCAL YEAR ENDED JUNE 30, 1983

Revenues	
Taxes	\$196,895
Licenses	64,786
Miscellaneous	<u>2,255</u>
Total Revenues	<u>263,936</u>
Expenditures	
Personal Services	342,695
Operating Expenses and Equipment	<u>147,092</u>
Total Expenditures	<u>489,787</u>
Other Financing Sources (Uses)	
Appropriations	554,400
Transfer of Accountability to the State Controller	(449,438)
Miscellaneous	<u>(8,960)</u>
Total Other Financing Sources	<u>96,002</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(129,849)
Fund Balance - Clearing Account, July 1, 1982	<u>183,770</u>
Fund Balance - Clearing Account, June 30, 1983	<u>\$ 53,921</u>

See the notes accompanying the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accompanying financial statements reflect the financial position and results of operations of the General Fund of the State Athletic Commission (commission). The financial statements have been prepared in conformity with the generally accepted accounting principles that are applicable to state and local governments as prescribed by the National Council on Governmental Accounting, by the American Institute of Certified Public Accountants, and by the Financial Accounting Standards Board. Below is a summary of significant accounting policies that pertain to the commission's financial statements.

A. Fund Accounting

The State Athletic Commission's General Fund is accounted for as part of the State's General Fund, which is the main operating fund of the State. The State's General Fund accounts for transactions that are not required to be accounted for in another fund.

B. Basis of Accounting

The State's General Fund is accounted for on a modified accrual basis. Thus, revenues are recorded when they are received, and expenditures are recorded when the liabilities are incurred, with the following exceptions:

- Interest receivable and revenues receivable that have been billed and that are estimated will be collected during the following fiscal year are accrued at June 30. The financial statements do not include receivables for which collection is indefinite or which the General Fund will not collect in the following year.
- Vacation and sick leave expenditures are recorded when they are made.

2. Due From Other Funds

This account includes amounts due from the Consumer Affairs Fund, an internal service fund that receives advances from the General Fund to account for the financing of the commission's central operations and expenditures (excluding payroll). The Consumer Affairs Fund owes money to the commission when the commission's advance payment from the General Fund to the Consumer Affairs Fund exceeds the commission's share of costs for central operations.

3. Fund Balance - Clearing Account

This account links the commission's books to the central fund accounts that the State Controller maintains for the State's General Fund.

4. Tax Revenue

The commission's tax revenues result from taxes on admissions to the sporting events it regulates, taxes on broadcast and television rights, and taxes on closed-circuit telecasts.

5. Transfer of Accountability to the State Controller

This account represents cash that the commission transferred from its cash account to the fund cash accounts that the State Controller maintains.

6. Budgeted Revenues

In the annual budgeting process, the Governor estimates revenues of the State's General Fund. However, the budget that the Legislature adopts does not include General Fund revenues.

7. Retirement Commitments

Regular employees of the commission are members of the Public Employees' Retirement System (PERS), which is a defined benefit, contributory retirement plan. The amount that the commission and its employees contribute to the PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as they are accrued. The State Athletic Commission contributed \$33,451 to PERS for fiscal year 1982-83.

8. Subsequent Events

Amendments to Section 18632 of the Business and Professions Code (Chapter 323, Statutes of 1983) created the Athletic Commission Fund for the deposit of commission monies and for the sole support of commission operations. As a result, the State Athletic Commission has not accounted for its operations in the State's General Fund since July 1983.

SUPPLEMENTARY INFORMATION

**STATE ATHLETIC COMMISSION
GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN THE FUND BALANCE - CLEARING ACCOUNT -- BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 1983**

	<u>Budget</u> (Note 5)	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Taxes	\$196,895		
Licenses	64,786		
Miscellaneous	<u>2,255</u>		
Total Revenues	<u>263,936</u>		
Expenditures			
Personal Services	\$383,516	342,695	\$40,821
Operating Expenses and Equipment	<u>170,884</u>	<u>147,092</u>	<u>23,792</u>
Total Expenditures	<u>\$554,400</u>	<u>489,787</u>	<u>\$64,613</u>
Other Financing Sources (Uses)			
Appropriations	554,400		
Transfer of Accountability to the State Controller	<u>(449,438)</u>		
Miscellaneous	<u>(8,960)</u>		
Total Other Financing Sources	<u>96,002</u>		
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses		(129,849)	
Fund Balance - Clearing Account, July 1, 1982		<u>183,770</u>	
Fund Balance - Clearing Account, June 30, 1983		<u>\$ 53,921</u>	

See the notes accompanying the financial statements.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps